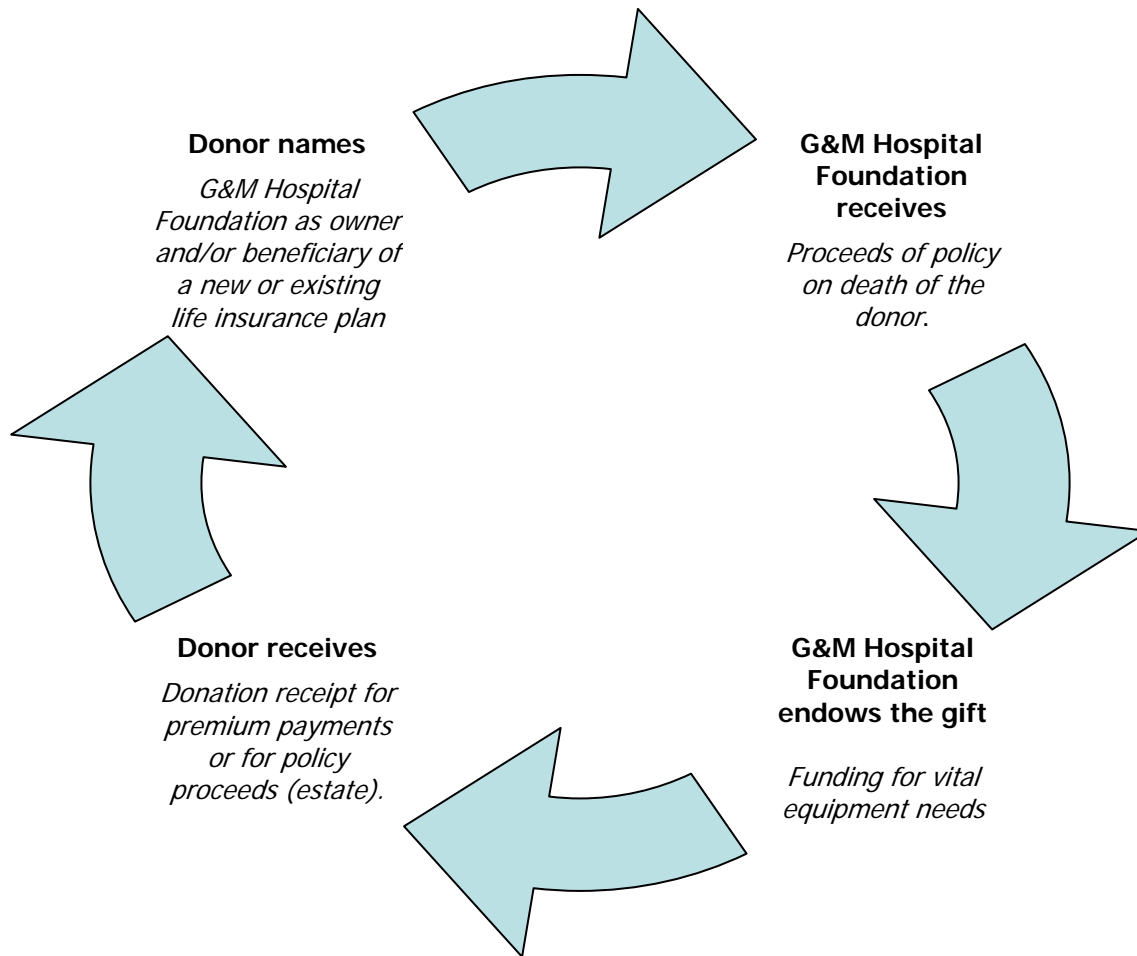


Example: How a gift of Life Insurance can benefit you and the Collingwood G&M Hospital Foundation



Given the existing tax environment in Canada, more donors are looking to minimize the final tax they will pay upon their death. A gift of life insurance is one way to save taxes and make a far larger charitable gift to the G&M Hospital Foundation with minimal impact on their beneficiaries. A permanent life insurance policy can have numerous advantages when used as a charitable gift, such as:

- For a relatively small premium payment a large donation can be realized upon death
- A gift of life insurance can leave the entire estate intact for beneficiaries
- A life insurance policy can generate a larger gift than an investment in a taxable vehicle
- A life insurance policy can be paid directly to the Collingwood G&M Hospital Foundation thus avoiding probate fees
- A life insurance policy can generate an immediate tax credit for the estate to offset capital gains tax payable upon death
- A donor can remain completely anonymous if they so desire

Talking to the Foundation staff at the Collingwood G&M Hospital and your professional advisor can help you decide how to structure your life insurance policy for the greatest benefit. There are several possible options including:

- Naming the Collingwood G&M Hospital Foundation both the owner and the beneficiary of the policy as this would generate a tax credit for the donor each year on the premiums paid
- The donor could continue to own the policy and make the charity the beneficiary upon their death. While this would not generate an annual tax credit, it would allow the entire proceeds of the policy to be claimed against deemed income in the year of death. This is generally when donors are faced with their largest tax bill as taxes must be paid on all capital gains, all monies remaining in Registered Retirement Savings Plans and Registered Retirement Investment Funds as well as any recaptured depreciation

Other points of discussion to have with your professional advisor include purchasing a joint last-to-die policy with your spouse as this would decrease the premium payments as the risk is over both donors. Some donors choose to make their charitable donation to the G&M Hospital Foundation using other types of appreciated capital property, receive the tax credit immediately and then purchase a life insurance policy with the savings to ensure their beneficiaries are taken care of. There are other donors who find they own life insurance policies that they no longer need and transfer those policies to the G&M Hospital to ensure the highest quality healthcare for their community. Each situation is unique and the benefits are different for each individual but life insurance is an increasingly appealing option for many philanthropic people.

You should ensure that you consult your professional advisors when making a gift of Life Insurance. They can advise you on your unique situation.